RECORD OF COMMUNICATION

Telephone Call from Terry K. Eaton, Assistant General Counsel, Railroad Commission of Texas (RCT), Telephone: (512) 463-6977. Received return call from Ms. Eaton about 3:30 p.m., on July 9, 1997, in response to my earlier telephone message I had left her in connection with the matter of Kennedy Heights Subdivision, Houston, Texas.

Ms. Eaton advised me of the following in response to my questions concerning the ongoing RCT administrative proceeding on Kennedy Heights (the site). First, the proceeding arose out of a complaint presented to the RCT by a Kennedy Heights citizens group (the group) in the summer of 1996, concerning contamination of the neighborhood by a predecessor of Chevron U.S.A. Inc. and adverse heath effects resulting therefrom. The RCT set the matter for a hearing in November 1996; and although the complaint was withdrawn by the group prior to the hearing, the RCT conducted the hearing anyway, ordering Chevron to conduct further sampling and analysis of the site, which it did in December/January 1996-97.

Following receipt of Chevron's analytical data and preliminary risk assessment report on April 29, 1997, the RCT met with Chevron on 9 June 1997 and requested additional work on the Chevron dermal and inhalation contact analysis, as well as risk quantification. The RCT took split samples from Chevron on its December/January testing and has received and analyzed the results from those samples, although it has not yet compared the results to Chevron's findings. The RCT is still analyzing the issue of methane gas at the site.

Additionally, at the request of RCT, the Texas Department of Health (TDH) has been examining epidemiological information in connection with the site. TDH has issued a report on cancer rates in the neighborhood, concluding that the rate is within normal parameters for all cancers, except lung cancer, which is inconclusive. TDH is currently reviewing records concerning the incidence of Lupus. RCT reports that TDH's efforts to obtain and review the medical records of residents of the site have not been successful.